

additional, serious discussion and whatever action may ultimately be determined to be appropriate.

While the Indiana Commission has done extensive research on telephone penetration levels, our efforts have been hampered by the inability to compare the Census Bureau's penetration data with telephone company access line data. Such a comparison is difficult because the two sets of data are based upon very different geographic units. The Census data is generally based on political boundaries (e.g., state, county, township, town or city, etc.) or on smaller, more discrete units (census tract, block, block numbering area, etc.); by contrast, LEC access line data is based on units such as LATAs, exchanges, wire centers, study areas, etc. We offer the following observations as the starting points for further research and analysis: (1) It could be useful if LECs and non-LECs were to keep records of "houses passed" (total housing units) and "houses served" (housing units with a telephone and provide information based on those records to the FCC, state utility regulators, and, perhaps, the Bureau of the Census²¹; and (2) the "Master Street Address Guide," which is used to develop certain E911 databases, could possibly be used as a bridge between Census data and telephone company data, since both make use of street-specific data.

²¹ By "non-LECs," we mean both companies that are not currently certificated by the appropriate state agency to provide local service but which may be certificated in the future and CAPs or other new entrants that have been certified to serve either the service territory of an incumbent LEC or a service territory which was not previously receiving local service. Non-LECs could be either facilities-based providers or resellers. Examples of non-LECs include, but are not necessarily limited to: IXCs, CAPs, CATV operators, enhanced service providers such as Internet providers, cellular or PCS providers, "traditional" LECs providing local service in the service territory of the incumbent LEC or a non-LEC. Affiliates or subsidiaries of both traditional, incumbent LECs or any of the types of firms discussed in this footnote could also be required to keep and provide information on "houses passed" and "houses served," regardless of whether they were classified as "LECs" or "non-LECs."

We agree that more research and analysis need to be done into the ways in which people use cellular telephones. For example, do people use cellular telephones *instead of*, or *in addition to*, basic wired telephone service? Do people use cellular telephones differently when they are in a car or other vehicle than they do when they are at home or in another building? PCS networks and number portability may both require telephone numbers to be assigned to individual persons, rather than to the current households. This would require the Census Bureau (or any other interested party) to gather penetration data for individual persons, in addition to the current household data.

Secondly, more research is needed into the "Available" ("Avail") category of households shown in the FCC's Monitoring Reports (which, in turn, utilize the Census Bureau's Current Population Survey data). These households, of course, do not have a telephone on the premises but are able to receive calls on telephones at locations other than their respective housing units. How and where do these households actually receive telephone calls: on payphones, on a cellular telephone located off the premises, on "carphones," or on some other type of communications device?

Thirdly, if the U.S. Bureau of the Census does, in fact, discontinue the use of the "telephone questions" for the 2000 Decennial Census, then an alternative measurement mechanism will be necessary, perhaps some form of "continuous measurement. Assuming that Census data - in whatever form - remain the principal source of information on telephone penetration levels, it may be necessary to begin discussions with that agency fairly soon in planning for future data collection needs. It is our understanding that the Bureau of the Census is well into the planning process for the 2000 Census.

Finally, the potential for local *residential* competition to develop in certain parts of the country at some point in the future

may necessitate the collection of telephone penetration data both in the aggregate and for individual local providers (both incumbent LECs and new entrants). The IURC has not yet established geographic certification or "obligation to serve" requirements, if any, for new local providers. However, there will need to be some way of reconciling both Census data on telephone penetration (nation, state, township, town, block, census tract, etc.) and whatever penetration data the new entrants may ultimately maintain and/or provide.²² This would allow regulators, legislators, and the general public to track the spread of residential competition for a particular area or company. This, in turn, would allow regulators and legislators to better determine when, to what extent, and in what manner, to loosen the level of regulatory scrutiny which is applied to local residential and switched access providers and services.

SUMMARY

As was discussed earlier, the IURC asserts that the provision of local exchange service is the fundamental function of telephone service. We believe that the customer's need and ability to call local emergency services, hospitals, schools, government support agencies, crisis prevention agencies, etc., far outweigh any perceived "need" to make long distance calls.²³ The IURC believes

²² The new entrants may ultimately keep and provide penetration data in a format different than what traditional LECs may do. Depending upon the service territory(ies) which a new entrant serves, concepts such as "exchange," "LATA," "wire center," and "study area" may not be relevant.

²³ Again, the geographic boundaries within which emergency or government services are provided and/or received are not necessarily coterminous with LEC exchange boundaries. Because of this, customers may need to place a toll call to reach certain emergency services providers or government agencies. This type of toll call should be viewed as identical to basic local service and should not be blocked: customers should retain the ability to make these types of toll calls along with basic local calls, even if a

that this position is fully consistent with the notion that local telephone service is an essential service. Accordingly, we agree that disconnection of local telephone service for non-payment of toll charges is a significant problem.

We also believe that the marketing of vertical or custom calling services to low-income customer, especially those with trouble paying for even basic local service. Some LECs may disconnect these customers' basic local telephone service for the non-payment of rates, charges, or fees associated with vertical services or custom calling services. The IURC believes that disconnecting (or blocking) the vertical or custom calling services should be done first, and that disconnecting a customer's local service should be done only as a last resort.

Some form of multiple balance billing may make it easier for LECs to maintain separate account balances for each customer, by type of service. This, in turn, may make it easier for customers to make partial payments for a single service and for the LECs to allocate partial payments to the appropriate service. Some form of multiple balance billing would also make it easier for LECs involved in the provision of 1+/0+ intraLATA toll services, to implement blocking for those services while still retaining those delinquent toll customers as local customers.

Regarding telephone penetration levels, the IURC believes that, in order to ensure the realization and maintenance of universal service, it is necessary to determine the telephone penetration rates at both specific points in time and on an ongoing basis. At least in part, programs such as LifeLine and LinkUp exist because of a determination that penetration levels are "too low" (however one defines that phrase). An accurate determination

local service provider blocks the customer's to make other types of toll calls.

of penetration levels is a prerequisite to measuring both the need for, and the effectiveness, of these programs. An accurate determination of penetration levels may also facilitate measuring both the need and the effectiveness of toll blocking, multiple balance billing, etc. For all of these reasons, it is critical that comprehensive, valid, reliable, and accurate penetration data (both historical and recent) be available for all states, not just those states with large populations.

We have also discussed certain limitations of the penetration data currently published by the Bureau of the Census and the Federal Communications Commission. Notwithstanding these limitations, the Census Bureau is one of the few institutions - if not the only one - in the country with the resources and the expertise to collect such data. Accordingly, we believe that discussions about penetration levels, data collection methods and problems, etc., should be held in the very near future between the FCC, state Commissions, the Census Bureau, and other interested government organizations. At some point in the future, it may also be necessary to seek input from representatives of various segments of the telephone industry, consumer groups, state consumer advocates, etc. State Utility Commissions or other entities may wish to initiate similar discussions at the state level.

Finally, we have discussed numerous other issues related to penetration levels and/or penetration data which we believe may require additional research, analysis, and action - e.g., the role of personal preferences, income, urbanization, and mobility in determining penetration levels; data collection requirements in a competitive local telephone marketplace; filing requirements for penetration or related data by both incumbent LECs and new entrants on non-incumbent LECs; penetration measurement and analysis, and data collection for new technologies, such as PCS; etc.

Resolution on FCC Rulemaking
On Telephone Subscribership

WHEREAS, On July 20, 1995, the FCC released a Notice of Proposed Rulemaking (NPRM) in CC Docket 95-115 to address recent declines in telephone subscribership; and

WHEREAS, Among the issues on which the FCC seeks comments:

- o requiring that LEC deposit policies take into account the diminished credit risk involved when new or reconnected customers agree to voluntary toll reductions;

- o requiring that LECs offer interstate long-distance blocking services at reasonable rates;

- o prohibiting any common carrier from interrupting or disconnecting local exchange service for failure to pay interstate long distance charges;

- o expanding the Lifeline and LinkUp Programs to provide additional assistance with connection charges and deposits to subscribers taking long distance blocking options; and

WHEREAS, The preservation and advancement of universal service is of critical importance to both federal and state regulators; and

WHEREAS, Several states already have implemented or are investigating policies similar to those proposed in this proceeding; and

WHEREAS, FCC rules adopted as a result of this proceeding could impact state universal service policies and local rates; and

WHEREAS, Proposals to modify the existing Lifeline and LinkUp programs may require the participation of a Federal-State Joint Board; and

WHEREAS, The NPRM does not address the range of other factors that underlie, or options to address, low or declining levels of subscribership in some states, populations, or service territories; and

WHEREAS, Universal service issues are best addressed through a collaborative federal-state process, rather than by a process in which state input is limited to the filing of written comments; now, therefore, be it

RESOLVED, That the NARUC Executive Committee, convened at its Summer Meetings in San Francisco, CA, supports the FCC's examination of policies to promote telephone subscribership; and be it further

RESOLVED, That proposals raised to modify the existing Lifeline and Linkup programs in the NPRM should be addressed through a Federal-State Joint Board; and be it further

RESOLVED, That other issues and solutions relating to telephone subscribership are being addressed by state commissions in a variety of innovative ways and federal action should be consistent with existing state policies and initiatives and limited to situations where clear federal policies would otherwise be frustrated; and be it further

RESOLVED, That FCC rules to increase telephone subscribership must not limit the flexibility of the states to implement their own universal service policies; and be it further

RESOLVED, That should the FCC decide to adopt rules for issues on which specific rules have not been proposed in the NPRM, it should issue a Further Notice of Proposed Rulemaking to provide a further opportunity for comment; and be it further

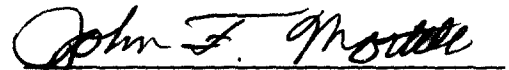
RESOLVED, That the NARUC General Counsel file comments in the FCC's proceeding consistent with the positions put forth in this resolution.


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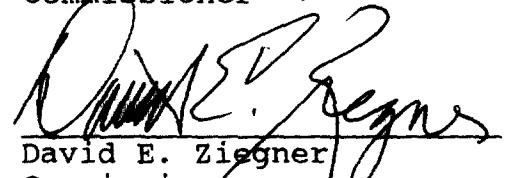
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IN THE AMENDMENT OF THE COMMISSION'S
RULES AND POLICIES TO
INCREASE SUBSCRIBERSHIP AND USAGE OF THE
PUBLIC SWITCHED NETWORK
CC DOCKET NO. 95-115

Indiana Utility Regulatory Commission
Indiana Government Center South
302 West Washington, Suite E306
Indianapolis, Indiana 46204


John F. Mortell
Chairman


G. Richard Klein
Commissioner


David E. Ziegner
Commissioner